

JUL 20 1962




OUR GUARANTEE OF QUALITY

GROWERS' WINE

39TH ANNUAL REPORT / 1962

GROWERS' WINE COMPANY LIMITED / AND WHOLLY OWNED SUBSIDIARIES



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GROWERS' WINE COMPANY LIMITED

Incorporated under the Laws of the Province of British Columbia

Head Office: LAKEHILL, SAANICH, B. C.

P.O. Box 236, Victoria, B.C.

CAPITAL

Authorized—

200,000 Class "A"
Cumulative, Exchangeable, non-Callable
Shares of No Par Value.
400,000 Class "B" Shares of No Par Value
60,000 Redeemable 5% Preference Shares of
\$1.00 each Par Value.

Issued and Fully Paid—

105,588 Class "A" Shares
175,098 Class "B" Shares

OFFICERS

FRANCIS V. LUMB - - - - - President
E. C. WARNER - - - - Executive Vice-President and Managing Director
A. D. LAUDER - - - - - Vice-President
CHARLES R. FAWCETT - - - - - Secretary
BRIAN H. ROBERTS, C.A. - - - - - General Manager

DIRECTORS

Ernest C. Warner A. D. Lauder
Ian A. Shaw Charles P. Hayes
Brian H. Roberts Charles R. Fawcett
Francis V. Lumb

BANKERS

BANK OF MONTREAL
Victoria, B.C.

AUDITORS

Bailey, Monteith, Holms & Co.
Victoria, B.C. Chartered Accountants

TRANSFER AGENT AND REGISTRAR

The Canada Trust Company, Vancouver, B. C. and Calgary, Alberta

WHAT WESTERN CANADA MAKES, MAKES WESTERN CANADA

“GROW WITH GROWERS”

MANAGING DIRECTOR'S REPORT

1961/62 has been a very interesting and successful year. Our wines have been introduced into every part of Canada, but what is still more important is the fact that we have had continual repeat orders from every new outlet with the exception of one, and even in this one slow progress is being made.

During the year we entered into an arrangement with the B.C. Tree Fruits Ltd., Kelowna, to take over the exclusive franchise for manufacturing and marketing B.C. Sparkling Cider which is making new friends in all the markets available to it. I would strongly recommend you taste this lovely refreshing beverage. In a few weeks' time we hope to have the B.C. Still Cider — a top quality product like the one sold in the millions of gallons in the U.K. and many other countries.

I must acknowledge the very splendid and enthusiastic co-operation that I have received from our President, directors, chief executives and all the members of our family; it has been very encouraging to me. I also appreciate the kindness and co-operation that has been extended to our Company by all the Liquor Control Boards that we have the pleasure to serve.

It is very gratifying to see the large increase in the number of shareholders who have placed their confidence in us and I would like to assure them that we will do everything in our power to pay them increasing dividends. I would like to remind the shareholders that they too have a very special duty to their Company and that is to help in every possible way to increase our sales. You can be the greatest sales force of all by doing everything you can from a public relations point of view and introduce your products to your friends because we are all desperately trying to make the best wine obtainable in Canada. Our wines can compare with the products of any vintners in the world. Always remind your friends that "A day without a glass of wine is like a day without sunshine." If you will keep this little slogan in mind and make a point of using it at least two or three times a day you will be surprised at the contribution you will make to the development of the wine industry in Canada. There is no need for us as Canadians to have an inferiority complex about the quality of our wines. The days of snob appeal of imported wines are fast disappearing and we can all rejoice in our efforts to make our fruit growers prosperous and give more jobs to our wonderful Canadian people. We grow the finest Loganberries in the world on beautiful Vancouver Island and in time we expect to grow all the grapes required for the wine industry in our wonderful Okanagan Valleys.

Sales for the first few weeks of our current fiscal year are very encouraging indeed with the usual nice increase, and this year our cider development should make a real contribution to our profits.

ERNEST C. WARNER

Managing Director

PRESIDENT'S REPORT TO SHAREHOLDERS

For the Year ended 30th April, 1962

TO THE SHAREHOLDERS:

Your Directors present the Thirty-ninth Consolidated Balance Sheet of Growers' Wine Company Limited and its Wholly Owned Subsidiaries as at 30th April, 1962, with the related Consolidated Statement of Income and Earned Surplus, together with the report of the auditors—Messrs. Bailey, Monteith, Holms & Co.

CAPITAL AND SURPLUS

On 4th May, 1961, options were granted to senior officials to purchase over a five year period 15,000 Class "A" Shares and 15,000 Class "B" Shares at the market price at the date of option.

During the year options were exercised on 2,725 shares of each class and also during the year 33,075 Class "A" shares were exchanged for Class "B" Shares.

Capital shares outstanding were as follows:—

	30th April, 1962	30th April, 1961
Class "A" Shares	105,588	135,938
Class "B" Shares	175,098	139,298

OPERATIONS

It is pleasing once again to be able to report to shareholders that the net sales have again set a record high and that the net income from these sales has increased over the previous year by some 10% to \$244,578. (It will, however, be remembered that 1961 earnings included special non-trading and non-recurring profits of \$48,335).

The Board of Directors wishes here to record its deep appreciation of the energy, initiative and ability of Mr. E. C. Warner the Managing Director who is primarily responsible for bringing about such a favourable showing under prevailing business conditions. You will read his report with much interest.

After payment of dividends and capital expenditures of \$80,637, working capital has increased by \$65,495, and Earned Surplus by \$82,949 after providing for payment of dividends of \$10,559 payable to Class "A" shareholders on 31st July, 1962.

CAPITAL EXPENDITURES

The following Capital Expenditures were made during the year:—

Machinery & Equipment	\$75,028
Furniture & Fixtures	509
Building Improvements	5,100
	<u>\$80,637</u>

DIVIDENDS

The regular dividends of 40c per share were paid to the holders of Class "A" shares.

A cash dividend of 20c per share was paid to Class "B" shareholders who also received stock dividends equivalent to 42½c per share by the issue of redeemable preference shares:

On behalf of the Board of Directors.

FRANCIS V. LUMB

President

27th June, 1962

GROWERS' WINE COMPANY LIMITED

and

WHOLLY OWNED SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30th, 1962**

AUDITORS' REPORT

1207 Douglas Street,
Victoria, B. C.
June 7, 1962.

The Shareholders,
Growers' Wine Company Limited,
Victoria, B.C.

We have examined the Consolidated Balance Sheet of Growers' Wine Company Limited and its wholly owned subsidiaries as at April 30, 1962 and the Consolidated Statement of Profit and Loss and Earned Surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying Consolidated Balance Sheet and Consolidated Statement of Profit and Loss and Earned Surplus are properly drawn up in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year so as to exhibit a true and correct view of the state of the affairs of the Companies as at April 30, 1962 and results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

BAILEY, MONTEITH, HOLMS & CO.
Chartered Accountants.

Growers' Wine Company Limited

and

WHOLLY OWNED SUBSIDIARIES

(Incorporated under the Companies Act of the Province of British Columbia)

COMPARATIVE CONSOLIDATED BALANCE SHEET

April 30, 1962

CURRENT ASSETS	ASSETS	1962	1961
Cash		\$ 53,665	\$ 82,721
Deposit receipt		—	100,000
Accounts receivable		236,420	176,972
Inventories—at cost:			
Wines and spirits		1,295,090	1,136,024
Materials and supplies		73,310	75,760
Mortgage payments receivable within one year		7,083	—
Prepaid expenses		14,946	4,746
		<u>1,680,514</u>	<u>1,576,223</u>
OTHER ASSETS			
Mortgage—less payments due within one year which are included as a current asset		55,000	—
FIXED ASSETS—at cost			
Land, buildings and equipment		1,104,336	1,023,975
Less: Accumulated depreciation		690,641	633,370
		<u>413,695</u>	<u>390,605</u>
OTHER ASSETS—at cost			
Sundry Investment in shares		59,375	10,411
Shares in B.C. Sparkling Wines Ltd. (a wholly owned subsidiary)—Note 3		6,800	6,800
		<u>66,175</u>	<u>17,211</u>
Note 1: Options were granted to Senior officials in 1961 to purchase 15,000 Class "A" shares and 15,000 Class "B" shares at the market price at the date of the option. Options were exercised in 1961 on 2,725 shares of each class. Options expire May 4, 1966.			
Note 2: A dividend on Class "B" shares of 25c has been declared payable May 28, 1962 in redeemable preference shares, which will be redeemed immediately.		<u>\$ 2,215,384</u>	<u>\$ 1,984,039</u>
Note 3: As no financial statements are available for this company it has not been consolidated in these statements.			

Growers' Wine Company Limited

and

WHOLLY OWNED SUBSIDIARIES

(Incorporated under the Companies Act of the Province of British Columbia)

COMPARATIVE CONSOLIDATED BALANCE SHEET

April 30, 1962

	LIABILITIES	
CURRENT LIABILITIES	1962	1961
Accounts payable	\$ 83,613	\$ 61,335
Estimated income taxes payable	116,411	156,652
Dividend payable	10,559	—
Payments on long term liability due within one year	46,200	—
	<hr/> 256,783	<hr/> 217,987
LONG TERM LIABILITY		
Agreement for Sale, less payments due within one year which are included as a current liability	66,000	—
	<hr/>	<hr/>
	SHAREHOLDERS EQUITY	
SHARE CAPITAL		
Authorized: 200,000 Class "A" shares, cumulative, exchangeable, non-callable of no par value.		
400,000 Class "B" shares of no par value.		
60,000 redeemable 5% preference shares of a par value \$1.00 each <u>\$ 60,000.</u>		
Issued and		
Fully Paid: Note 1		
105,588 Class "A" shares of no par value	108,803	140,077
175,098 Class "B" shares of no par value	218,411	143,537
EARNED SURPLUS—per Exhibit II—Note 2	1,535,807	1,452,858
SURPLUS ARISING FROM CONSOLIDATION	29,580	29,580
	<hr/> 1,892,601	<hr/> 1,766,052
	<hr/> \$ 2,215,384	<hr/> \$ 1,984,039

Approved on behalf of the Board,

FRANCIS V. LUMB, President

ERNEST C. WARNER, Managing Director

Growers' Wine Company Limited

and

WHOLLY OWNED SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS

FOR THE YEAR ENDED APRIL 30, 1962

(With comparative figures for April 30th, 1961)

	1962	1961
Consolidated Income from the sale of wines and spirits after deducting administrative, selling and general expense, but before providing for the following items	\$ 533,060	\$ 467,130
Depreciation	69,477	46,768
Interest	6,743	321
Directors' fees	1,500	1,415
	<u>77,720</u>	<u>48,504</u>
NET OPERATING PROFIT BEFORE OTHER INCOME AND NON-RECURRING ITEMS	455,340	418,626
Profit on disposal of fixed asset	700	9,835
Investment income	8,029	352
Increase in opening inventory	—	89,934
	<u>464,069</u>	<u>518,747</u>
Net Profit Before Income Taxes	464,069	518,747
Income Taxes	219,491	249,591
	<u>244,578</u>	<u>269,156</u>
NET PROFIT	244,578	269,156
Earned Surplus at beginning of the year	1,452,858	1,327,170
	<u>1,697,436</u>	<u>1,596,326</u>
Less: Dividends on Class "A" shares paid	50,985	54,530
Dividends on Class "A" shares payable	10,559	—
Dividend on Class "B" shares	30,436	20,828
Dividend on Class "B" shares in form of a stock dividend redeemed for cash, with tax paid under Section 105 (2) of the Income Tax Act	69,649	55,476
Incorporation expense	—	398
Adjustment of prior year's profit	—	12,236
	<u>161,629</u>	<u>143,468</u>
Earned Surplus at end of the year	<u>\$ 1,535,807</u>	<u>\$ 1,452,858</u>

PRODUCTS OF

Growers' Wine Company Limited

and

Victoria Wineries (British Columbia) Limited

LOGANBERRY WINES

GROWERS' "LOGANA"

GROWERS' "VIN SUPREME"

"SLINGER'S" LOGANBERRY

GRAPE WINES

GROWERS' "REGAL" BON WHITE

GROWERS' "REGAL" CLARET

GROWERS' "REGAL" BON RED

GROWERS' "REGAL" SHERRY

"SLINGER'S" WHITE PORT

GROWERS' "REGAL" PORT

"SLINGER'S" GRAPE

GROWERS' "REGAL" MUSCATEL

"SLINGER'S" RED WINE

"SLINGER'S" VIVA DRY RED

OKANAGAN MISSION WHITE TABLE WINE

ST. ALBAN SACRAMENTAL WINE

COCKTAILS

"BON SANTE" (Brandy-Gin-Wine)

"45 PER" (Brandy-Rum-Wine)

"SLINGER'S" (Gin-Rum-Wine)

MATADOR (Sherry Base)

BRANDY

"LOGAN FOUR STAR"

CIDER

B.C. SPARKLING CIDER
(The Champagne of Ciders)

— NATIONAL AGENTS FOR —

BASS ALE (The Great Ale of England)

GUINNESS STOUT (Guinness is Good for You)

